

Voluntary Report - public distribution

Date: 11/25/2003

GAIN Report Number: BK3014

Bosnia-Herzegovina

Grain and Feed

Update

2003

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Report Highlights:

Wheat and corn production was drought affected with traditional suppliers (e.g. Hungary, Croatia) having limited export supplies. At present, demand for U.S. wheat is strong. USDA donation/monetization programs introduced HRW wheat into the Bosnian market in 1997, and millers blend it with other wheat available on the domestic market. Millers estimate a demand of 150,000 MT for HRW (12 percent protein) until the next harvest. The demand for corn is also strong because of growing broilers and eggs production. Imports are expected to reach 200,000 MT. GSM 102 is available for different commodities through local banks.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Vienna [AU1]
[BK]

Wheat

Total sown area for wheat this fall is 93,000 ha, increased for about 30% if compared to 2002/2003. Still, the total area is down if compared to 2001/2002.

An average yield is 2.7 MT/ha and the total production is estimated at 251,000 tons.

Winter wheat was sown in the Republika Srpska¹ on 72,000 ha, which represents a significant increase compared to last year's 46,000 ha. Reasons for such increase were favorable weather conditions for sowing, high wheat prices on the market and subsidized seeds and fertilizer purchases.

In the Federation of BiH, this fall's planting intentions were 23,600 ha, but the realization was around 90%, or 21,000 ha. The area is down if compared to last year's 26,000 ha.

Corn

The corn production is around 645,000 MT, down for 30% because of the drought that affected crop production in wider region. The harvested area was 230,000 ha. Expected production was around 4MT/ha, but corn suffered because of lack of soil moisture in sowing period and during entire growing season.

Three-fourths of corn area is located in the Republika Srpska and one-fourth is in the Federation. Corn is mostly used for feed and only small portion for human consumption.

Barley

Total sown area for winter barley is 15,253 ha and an average barley yield is around 2.5 – 2.7 MT/ha.

Domestic Support Policy

In the Federation, production of mercantile wheat is subsidized with 50 KM²/t and seed wheat is subsidized with 100 KM/t.

In the Republika Srpska, the Government decided to subsidize both purchases of seeds and fertilizer with 100 KM/t for this fall sowing.

BiH does not have a common agricultural policy and producer support programs vary by Entity. Generally, in both Entities the current support programs are not significant if compared to other countries in the region and farmers face a high degree of policy uncertainty with regard to agricultural price and subsidy payments.

Trade

The drought that affected the whole region in the previous growing season also affected BiH production of grains, mostly wheat and corn. Since the traditional suppliers (e.g. Hungary, Croatia) are also affected by drought and have limited exportable supplies, the millers are forced to look for some other sources of wheat. At the moment the demand for wheat is big since many of them are running out of their supplies made earlier this year. In previous months the wheat was mostly imported from Hungary but it seems that Hungarian supplies are almost exhausted, except for some lower quality wheat. Wheat prices are continuing to rise. Prices of bakery product rose for 20% in last three months.

¹ Under the 1995 Dayton Peace Agreement, Bosnia Herzegovina (BiH) is divided into two Entities: the Federation of Bosnia and Herzegovina (F BiH) and Republika Srpska (RS) and each has its own ministry of agriculture. Due to this dual governmental structure there is no common agricultural policy at the national level

² Bosnian currency is Convertible Mark (KM); \$1 = 1,65 KM

The demand for American wheat is quite big. Hard Red Winter has been imported through the monetization program since 1997 and was available at the Port of Ploce in Croatia for local buyers. The millers appreciate the quality of American wheat and they learned how to blend it with lower quality wheat in order to get good quality of their products. The millers estimated that they would need at least 150,000 tons of Hard Red Winter (12% proteins) until the next harvest.

The country's economy is slowly recovering, the monetization program is downsizing and commercial sales are expected to replace food aid. USDA has made available export credit program GSM-102 for purchases of different U.S. commodities through local banks. So far two local banks are approved but soon the number will increase.

The main constraint for commercial imports of U.S. wheat is existence of a number of small mills, unable to import larger quantities of wheat and to make larger stocks. Those mills usually buy small quantities of wheat from neighboring countries such as Hungary (currently FOB prices are around 180-185 Euros) and use on-truck transport . A list of bigger capacity BiH mills and buyers is given in Annex I.

The demand for corn is also big, mostly because of growing broilers and eggs production. BiH usually imports around 150,000 MT annually but because of smaller crop this year imports may go up to at least 200,000 MT.

Tariffs

Currently, there are no quantitative restrictions for imports of grains to country. Tariff rates are:

	Tariff %
1001 / wheat and spelt	
1001 10 / durum	5
1001 10 00 10/ for sowing	0
1001 90/the rest	
1 1001 90 10 00/ for sowing	0
1001 90 99 00/ the rest	5
1003 00/barley	
1003 00 10 00/for sowing	0
1003 00 90 00/the rest	5
1003 00 90 10/for malt	5
1005/corn	
1005 10/for sowing, hybrids	5
1005 90/the rest	10
1005 90 00 90/for feed	0

An additional 1% of customs fee is applied on all imported goods.

For more information please see GAIN reports BK3005 and BK 3010 that may be downloaded from <http://www.fas.usda.gov/scriptsw/attacherep/default.asp>.

Annex I

1. Klas Sarajevo
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2. Zitopromet Mostar
Mile Budaka 97
88000 Mostar
Tel/Fax 036 310 205, 310 160
3. Husinski rudar
75214 Ljubace, Tuzla
Tel/Fax 035 808 538, 808 539 and 808 540
4. PIK AD Samac
Njegoseva 24
76230 Samac
Tel. +387 54 611 474 and 611 295
Fax: +387 54 611 076
5. Dukat Mlin I Pekara
Gazi Ferhat Bega bb
74264 Jelah
Tel. +387 61 133 048
Fax: +387 32 664 485
6. Zitopromet Bijeljina
Mese Selimovica 45
763000 Bijeljina
Tel: +387 61 515 698
Fax: +387 55 202 025
7. Mlinpek D.D. Bugojno
Gornjevakufska
70230 Bugojno
Tel: +387 30 252 002
8. Cosic - Mlinoprodukt
76212 Krepsic
Brcko
Tel: +387 49 861 247 and 861 246
Fax: + 387 54 861 384
Cell: +387 65 532 100
9. Mlinpek Prnjavor
Magistralni put bb
78430 Prnjavor
Tel: +387 65 523 304
Fax: + 387 51 860 544

10. DOO Zitoprerada Prijedor
Svetosavska bb
79101 Omarska, Prijedor
Tel/Fax: +387 52 333 313 and 333 008
Cell: +387 65 528 192
11. VST trend
Brace Podgornika 35
78000 Banja Luka
Tel/Fax: +387 51 306 042
vsttrend@inecco.net
12. Zitopromet Brcko
76100 Brcko
Tel: +387 33 217 391
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13. Grimex
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71000 Sarajevo
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PSD Table						
Country	Bosnia-Herzegovina					
Commodity	Corn				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		10/2001		10/2002		10/2003
Area Harvested	213	0	228	0	230	230
Beginning Stocks	50		64	0	151	0
Production	640	0	912	0	700	645
TOTAL Mkt. Yr. Imports	194	0	100	0	150	200
Oct-Sep Imports	194	0	100	0	150	200
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	884	0	1076	0	1001	845
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	745	0	850	0	900	900
TOTAL Dom. Consumption	820	0	925	0	975	975
Ending Stocks	64	0	151	0	26	21
TOTAL DISTRIBUTION	884	0	1076	0	1001	996

PSD Table						
Country	Bosnia-Herzegovina					
Commodity	Wheat				(1000 HA)(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		07/2002		07/2003		07/2004
Area Harvested	110	110	72	72		93
Beginning Stocks	160	169	107	116	107	111
Production	297	297	130	195		251
TOTAL Mkt. Yr. Imports	350	350	450	450		450
Jul-Jun Imports	350	350	450	450		450
Jul-Jun Import U.S.	0	107	0	54		0
TOTAL SUPPLY	807	816	687	761	107	812
TOTAL Mkt. Yr. Exports	0	0	0	0		0
Jul-Jun Exports	0	0	0	0		0
Feed Dom. Consumption	150	150	105	100		100
TOTAL Dom. Consumption	700	700	580	650	0	700
Ending Stocks	107	116	107	111	0	112
TOTAL DISTRIBUTION	807	816	687	761	0	812

PSD Table						
Country	Bosnia-Herzegovina					
Commodity	Barley				(1000 HA)(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		07/2002		07/2003		07/2004
Area Harvested	23	0	20	0		15
Beginning Stocks	8	0	18	0	8	8
Production	55	0	45	0		38
TOTAL Mkt. Yr. Imports	25	0	20	0		25
Jul-Jun Imports	20	0	25	0		0
Jul-Jun Import U.S.	0	0	0	0		0
TOTAL SUPPLY	88	0	83	0	8	71
TOTAL Mkt. Yr. Exports	0	0	0	0		0
Jul-Jun Exports	0	0	0	0		0
Feed Dom. Consumption	60	0	65	0		55
TOTAL Dom. Consumption	70	0	75	0		65
Ending Stocks	18	0	8	0		6
TOTAL DISTRIBUTION	88	0	83	0		71